

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN ROSALIE (ROSIE) BUZZAS**, on February 2, 2005 at 3:30 P.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Rosalie (Rosie) Buzzas, Chairman (D)
Rep. Carol C. Juneau, Vice Chairman (D)
Rep. John E. Witt, Vice Chairman (R)
Rep. Tim Callahan (D)
Rep. Bill E. Glaser (R)
Rep. Ray Hawk (R)
Rep. Cynthia Hiner (D)
Rep. Verdell Jackson (R)
Rep. Joey Jayne (D)
Rep. Christine Kaufmann (D)
Rep. Ralph L. Lenhart (D)
Rep. Walter McNutt (R)
Rep. Penny Morgan (R)
Rep. John L. Musgrove (D)
Rep. Rick Ripley (R)
Rep. John Sinrud (R)
Rep. Janna Taylor (R)
Rep. Jack Wells (R)

Members Excused: None.

Members Absent: Rep. Eve Franklin (D)
Rep. Jon C. Sesso (D)

Staff Present: Marcy McLean, Committee Secretary
Jon Moe, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 16, 1/31/2005; HB 109,
1/31/2005; HB 268, 1/31/2005
Executive Action: None

HEARING ON HB 16**Opening Statement by Sponsor:**

REP. RICK RIPLEY (R), HD 17, opened the hearing on **HB 16**, a bill aimed at increasing the per student distribution limit for resident non-beneficiary (i.e., non-Indian) students attending tribal community colleges. He stated that this is a bill of fairness and is not a partisan bill. He said that the state began funding for these students in 1995 through a separate Board of Regents appropriation. This bill has passed in the House.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 4.1; Comments: Rep. Franklin entered hearing.}

Proponents' Testimony:

Joe McDonald, President, Salish Kootenai College, said colleges are located on all seven of the state's reservations to provide a post-secondary education for Indians living both on and off the reservation. Their doors have been opened to their non-Indian neighbors and it has been very good for both parties. Almost all the credits earned are transferrable to accredited universities in the United States. The tribes have been able to maintain open admissions and keep student costs down. The base funding comes from the federal government and is based upon the number of full-time Indian students. Non-Indian students and Indian students who are not members of a tribe do not qualify for this reimbursement, hence the name non-beneficiary student. Salish-Kootenai College has a large number of non-beneficiary students and passage of this bill would help them.

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. KAUFMANN asked why the fiscal note showed zero. **REP. RIPLEY** answered that the fiscal note assumption Number 4 states that Governor Schweitzer's budget has \$400,000 in it for this and Number 5 states that if the appropriation is not sufficient, then it will be distributed on a prorated basis. **Jon Moe** further explained that this bill establishes what the maximum amount can be, and what the appropriation will need to be through HB 2. Historically, it has not been fully funded; in the last biennium it was funded at \$96,500.

REP. SINRUD asked what the non-beneficiary student pays and how the State's payment of \$3,200/student is applied.

Joe McDonald answered that the tuition fees at Salish Kootenai College are \$4,000; however the actual cost is \$7,500, resulting in a loss of \$3,500/student. With 220 non-beneficiary students, that total loss is \$700,000. Salish-Kootenai has the highest tuition of the seven tribal colleges.

REP. SINRUD asked if there was a residential requirement. **Joe McDonald** said HB 16 clearly states that eligibility is based upon the residency requirements of the university system.

REP. MORGAN asked how the Governor's budget increases from \$96,500 to \$400,000, and what subcommittee handled this bill. **Jon Moe** answered that Governor Martz's budget included \$96,500 and Governor Schweitzer's amended budget increased it to \$400,000. The Education Subcommittee handles this bill. **REP. GLASER** said this bill was accepted by the Education Subcommittee. *{Tape: 1; Side: A; Approx. Time Counter: 0 - 13.4}*

Closing by Sponsor:

REP. RIPLEY said that this request passed out of the interim State Tribal Relations Committee unanimously; passed out of the Education Subcommittee unanimously; and passed the House floor. Therefore, he asked the Committee to put this bill on the consent calendar.

HEARING ON HB 109

Opening Statement by Sponsor:

REP. LARRY JENT, HD 64, opened the hearing on **HB 109**, a bill that would transfer capitol complex maintenance from Fish, Wildlife and Parks (FWP) to Department of Administration. This bill passed FWP Committee unanimously and was placed on the consent calendar. He said that he doesn't know why it was referred to Appropriations since it does not involve any additional funding.

Proponents' Testimony:

Marvin Eicholtz, Department of Administration, said both departments are in agreement that this is the proper thing to do. It should allow them to consolidate some functions and also help with coordination of buildings and grounds issues. All of the assets and the full-time employee will transfer to Department of Administration.

Doug Monger, Fish, Wildlife and Parks, said he agrees with the sponsor.

Closing by Sponsor:

REP. JENT said he had nothing further to add.

{Tape: 1; Side: A; Approx. Time Counter: 13.4 - 18.8; Comments: Committee took 5 min. break. Rep. Sesso entered hearing.}

HEARING ON HB 268**Opening Statement by Sponsor:**

REP. DEE BROWN, HD 3, opened the hearing on **HB 268**, a bill that would give a \$1 an hour pay raise to state employees. She said that last session she was on the legislative subcommittee that was charged with finding a solution for giving state employees a pay raise, when there was a lack of funds in the budget. She originally proposed the idea of a pay increase that would most benefit lower-level employees to Governor-elect Schweitzer on December 15, 2004. She talked to him at a Hungry Horse Dam ceremony, and he said he would support a dollar and cents increase to target the state's lowest-paid employees, but wouldn't consider a percent increase. On that date, she fixed her bill draft to Legislative Services knowing she had a verbal commitment from the Governor.

EXHIBIT (aph26a01)

She said she realized that her bill would need to be amended from \$1 to \$.70/hour to match the dollars allocated in the Governor's budget. HB 268 is a "winner" for the bottom 72% of the employees on the State's pay plan, and that is the bottom 72%. She noted that Jon Moe, LFD, has the appropriate amendment for the Committee to act on during executive action.

EXHIBIT (aph26a02)

{Tape: 1; Side: A; Approx. Time Counter: 18.8 - 22.6}

She said that a straight dollar increase over the next 4-5 years will eventually raise the bar for the lowest-paid employees. The negotiated process is important, but it is the Legislature that appropriates the money for pay plans. This should be a rare practice, which is meant to give a raise to the workers who suffered during the last biennium's \$.25/hour raise. This bill was not an afterthought to undermine anyone; they just need to get the best deal possible for the majority of state employees.

{Tape: 1; Side: A; Approx. Time Counter: 22.6 - 24.4}

Proponents' Testimony:

Denley Loge, Associated Council of Federal and State Municipal Employees (ACFSME), referred to the testimony he gave on Monday, January 31, regarding the proposed pay increase. He said he respects collective bargaining. He is one of four representatives elected by the 500 ACFSME Transportation members to represent them in the union. He stated that all state employees are important. They are initially hired at a base rate, which is based on things such as education and skills. He felt that once you are hired at this base rate, that is where your worth is, and raises should be equal to all after that. Of their 500 union employees, all of them earn under \$40,000/year.

Rhonda Carpenter-Wiggers, Helena Chamber of Commerce, said they support a pay raise for the state employees, and they do not take a position on any particular pay plan.

Earl Cunningham, ACFSME, said he was a Maintenance Tech with the Department of Transportation in Grady. He stated that Governor Schweitzer had said that he would like to give a pay increase to the lower-paid employees; HB 268 does exactly that. The \$1,005 pay increase proposed in HB 447 is a "slap in the face" to snow plow drivers. On the other hand, HB 268 says every employee should get an equal \$.70/hour raise. These lower-paid employees are more likely to spend their money than to save it. By spending their money, they are going to help the state's economy. He said he is a Democrat, and encouraged the Democrats on this committee to support HB 268.

REP. MIKE LANGE said HB 268 needs to be amended to include a benefit package plan. He said he has been an officer in his local union since 1988, and has participated in numerous negotiating sessions.

{Tape: 1; Side: A; Approx. Time Counter: 24.4 - 32.6; Comments: end of Side A}

REP. LANGE said that in some years management was able to come back after negotiations and offer more money to the employees. He was obligated to bring the best pay package back to his union members. In the last session, the Legislature stripped money out of Governor Martz's negotiated and ratified plan. They had to go back to the union and ratify it again. Regardless of which bill is the vehicle used for the pay plan, the Legislature owes it to the employees to give them the best package. Perhaps they should give the \$.70/hour raise to employees earning up to \$39,000 and give employees earning more than that the proposed 3.5% and 4.0% raises; this would be a true bi-partisan agreement.

It is always difficult to make a decision on appropriations because you have to prioritize the needs of the State. However, he asked the Committee to give a strong vote of support for the workers of the state by finding the best plan.

Opponents' Testimony: None

Informational Testimony:

Randy Morris, Personnel Division, Department of Administration, said he was available to answer any questions.

Questions from Committee Members and Responses:

REP. FRANKLIN asked if HB 268 would need an amendment to include the health package. **REP. LANGE** answered said the bill does not allow an adequate health-care benefit, and the bill should be amended to make the benefit identical to the bargained plan or better; he said that he doesn't know what that would cost.

REP. MORGAN asked about REP. LANGE'S motion on the House floor to use a silver bullet on HB 447. **REP. LANGE** said that bill would be heard on its own and if it passes, it would be sent to the Senate.

REP. MORGAN asked about the December 15 meeting between REP. BROWN and Governor Schweitzer in which he said he would not support a percentage increase, and his saying "your word is your word; a handshake is a handshake." She also asked if REP. BROWN would be willing to amend HB 447 on the House floor in order to give her pay plan to the state workers. **REP. BROWN** said it was a private conversation; she was relying on her memory, and she thought that the Governor said, "...a dollars and cents increase makes more sense for the bottom workers than does a percentage increase." There was no handshake on their conversation and the Governor's pay plan is very similar to what they discussed. She further stated that she doesn't care which bill carries the pay plan, but wants it to increase the bottom pay scale for the majority of state employees. Governor Schweitzer said, "Let's join hands and do what's best for the people of the State of Montana." **REP. BROWN** said she agrees with him.

REP. RIPLEY said he and REP. BROWN met with Governor Schweitzer on December 22, 2004. At that time he was sponsoring HB 13, but agreed that HB 268 was the better time. **REP. RIPLEY** also said that he had met with Eric Feaver, MEA-MFT, prior to the settlement and asked REP. BROWN if she had met with anyone else in regards to negotiations prior to the settlement. **REP. BROWN** answered, "No."

REP. RIPLEY noted that he, too, doesn't care which bill carries the pay plan. There were plenty of conversations, prior to the session and prior to the negotiated settlement, on the various pay plans. He stated that everybody was up front and nobody is trying to sabotage the process. **REP. BROWN** said she told her constituents last November that she was going to introduce this bill, and she needed to follow through with her campaign promise. Although she never discussed it with Governor Schweitzer and the negotiating team after the session started, all bills were accessible via the Internet.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 17.5}

REP. KAUFMANN repeated **REP. LANGE'S** statement that, "We entered the last session with a ratified, negotiated agreement," and asked for clarification. She also asked about the two AFSCME members who testified that they were in favor of HB 268, and if they were included in the HB 447 or HB 268 pay plans. **Randy Morris** said there was no ratified agreement prior to the last session. He said that the AFSCME members are not included in the HB 447 and HB 2268 pay plans, since the Teacher and the Blue Collar pay matrices have been removed.

REP. KAUFMANN asked **REP. LANGE** about his suggestion to find middle ground by funding the lower-end as proposed in HB 268, and the higher-end as proposed in HB 447, and what it would cost.

REP. LANGE doesn't know what it would cost, but it would be substantially higher than either of these two bills.

{Tape: 1; Side: B; Approx. Time Counter: 17.5 - 24}

REP. WITT said he believes the employers on the lower end of the pay scale are entitled to a better raise. He asked why the Legislature can't adjust the collective bargaining, since they are the oversight. **Randy Morris** answered that in regard to the collective bargaining process, both sides are there to do what's best for the employees. The state has a fiduciary responsibility to manage the monies as approved by the Legislature; the union has the responsibility to represent its members and to reach ratification. Current law requires that pay be administered in accordance with labor market data. When they survey the labor market, they find that the lower-end employees are at or above the market, and employees at the higher-end are considerably below the market. Their concern is that if they increase the bottom level by too much, they would be paying more for the services than what is necessary.

REP. WITT said that the pulse of the community, our constituents, is that they would rather have 800 employees get a nice pay raise than have 19 "fat cats come through the door." It's economic

development, and helps the community. **Randy Morris** agreed that it's better to have 800 than 19 employees receive a raise.

REP. FRANKLIN said she wanted to highlight for the Committee's consideration Randy Morris' previous information on the state employee's pay compared to market. The Committee needs to remember the middle-level employees; i.e., LPNs and RNs at the State Hospital, and they are not "fat cats." They are middle-income earners, and there are significant retention problems within this group. **Randy Morris** said the Department of Administration looks out for 12,500 employees, and they do that by using market analysis; looking at both in-state and surrounding states. It helps them determine competitive salaries, so they can retain employees, and so they can recruit employees. It is important that they look at all positions. At the high end they are looking at physicians, psychologists and employees who make more than the Governor. They have to be able to maintain a competitive salary.

REP. TAYLOR asked, in regard to the market analysis, if the "middle group was earning \$40,000/year." She said that lower-level positions are the ones they cannot fill; people making over \$40,000 are "senior" level and there is probably not a retention problem with them because they are close to retirement. She asked whether lower-level pay scales would be more important when looking at market analysis. **Randy Morris** explained that they look at every position's pay grade. The market analysis compares the state's pay grade to the market's. They have been unable to recruit for pharmacists, social workers, and employees working in the institutions and in corrections. Some of it is market-driven, and some of it is the location of the job. They have no problem getting applicants for lower-level positions, such as snow-plow drivers.

{Tape: 1; Side: B; Approx. Time Counter: 24 - 32.6; Comments: end of tape}

REP. TAYLOR asked, "Of the 12,500 employees, \$40,000 the middle income; or what is the median income." **Randy Morris** answered that the average salary is \$34,512 and he doesn't know the amount of the median.

REP. SINRUD said he had a copy of the Department of Revenue's current pay for their employees, and that he saw several discrepancies. As an example, a Grade 6 employees is making \$11.56/hour, yet according to HB 447, a Grade 6 maximum pay is \$9.93/hour. He said that there were numerous examples of this situation, and where the accountability is. **Randy Morris** responded that he can only assume that the Department has requested a pay exception. The statute allows for an agency to

request exceptions to pay from the Department of Administration due to retention and recruitment problems. **CHAIRMAN BUZZAS** said REP. SINRUD'S questions have been asked and answered and asked him what information he was trying to get.

REP. SINRUD said that if "a deal is a deal, and a contract is a contract," then he wondered who has the authority to hold the departments accountable to follow the pay scale. **Randy Morris** said that the Department of Administration is responsible. Exceptions on the Department of Revenue pay list cannot be tied to a negotiated union contract because none of those employees are covered by a collective bargaining agreement. Some exceptions are attributable to longevity pay, which when added to their base pay, could put them over the maximum for the grade. The Department of Revenue is on Pay Plan 60 and the only raises allowed are those authorized by the Legislature through HB 2. The Department of Administration pays very close attention to any requests for pay exceptions.

CHAIRMAN BUZZAS reminded REP. SINRUD to keep his comments to questions on HB 268 and that other Committee members would also like to ask questions.

REP. SINRUD said his were extraordinarily relevant questions to understand the pay plans. He asked how Pay Plan 68, Pay Plan 62, and Pay Plan 60 would be affected by HB 268. **Randy Morris** answered that Pay Plan 60 would be affected by whatever amount its matrix is increased, and how and when the language states those monies will be distributed. Pay Plan 68 is the blue collar plan, and it has been taken out of statute. It and Pay Plan 62 would have their dollar amounts in the appropriation, and the distribution would be based upon negotiations with the individual unions.

REP. HAWK said they were told pay plans for the teachers and the blue collar workers are not in HB 268, yet they are in the bill, but were not included in the other pay plan bills. By including them, he asked how it affects the requested appropriation of \$70 million. **Jon Moe** said that is correct; the pay increases are applied to each employee, no matter which pay plan they are in, based upon the total funding.

REP. SESSO repeated that REP. LANGE said, "If you take the bottom of HB 268 and the top of HB 447, you would have the best of both." He said that it appears that would be about an additional \$7 million, based upon 8,600 employees earning less than \$40,000, and asked if the state could afford it.

Rep. Lange said, "Yes, we could afford it." He doesn't trust revenue estimates, nor the end expenditure amounts, because they are hard to guess. He thinks the Legislature can make this work.

Closing by Sponsor:

REP. BROWN said she, the Governor, **REP. GALLIK**, have ideas, and they need to come up with the best idea for state employees. She is more concerned with employees at the low-end than with employees at the high-end. She thought it was interesting that many of the state employees have a salary higher than the Governor. She said, "Montana is a unique workplace, where employees are underpaid for their expertise, and we need to retain and recruit people that will be the best fit in state government." She said that the state needs to be able to retain these low-paid workers, particularly in health care.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 24.2}

ADJOURNMENT

Adjournment: 5:05 P.M.

REP. ROSALIE (ROSIE) BUZZAS, Chairman

MARCY MCLEAN, Secretary

RB/mm

Additional Exhibits:

EXHIBIT ([aph26aad0.PDF](#))